

Message Text

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LIMITED OFFICIAL USE BUENOS AIRES 6425

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TAGS: EAGR, EFIN, AR

SUBJECT: POSSIBLE ARGENTINE WHEAT SALE TO USSR

1. SEVERAL GOOD AND RELIABLE CONTACTS HAVE INFORMED AGATT THAT NEGOTIATIONS CURRENTLY UNDERWAY FOR 1976 SALE ONE MILLION TONS ARGENTINE WHEAT TO USSR. INITIAL DISCUSSION HELD ABOUT THREE WEEKS AGO AT SPECIAL UN MEETING IN NEW YORK BETWEEN ECONOMIC MINISTERS OF TWO COUNTRIES. ONE ASPECT BEING CONSIDERED IS PREPAYMENT OF WHEAT (PRESUMABLY PRIOR TO END OF 1975) AS BALANCE-OF-PAYMENTS ASSIST TO ARGENTINA. AT CURRENT WHEAT PRICES, DEAL WOULD APPEAR TO BE WORTH AT LEAST \$150 MILLION.

2. ACCORDING TO SOURCES, GOA AWAITING BETTER FIX OF POTENTIAL 1975-76 WHEAT HARVEST PRIOR TO FINAL NEGOTIATIONS. PLANTINGS HAVE BEEN SOMEWHAT LATE DUE TO EXCESSIVE MOISTURE IN CENTRAL REGION AND DRYNESS IN SOUTH, BUT GOA ESTIMATES NEARLY 11 PERCENT INCREASES VIS-A-VIS PREVIOUS SEASON. UNDER WORST OF ALL POSSIBLE CONDITIONS FROM HERE ON OUT, POTENTIAL CROP PROBABLY WOULD ONLY BE AROUND 5 MILLION TONS AND GIVEN LOCAL NEEDS OF 4 MILLION TONS AND OTHER COMMITMENTS, UNLIKELY THAT FULL ONE MILLION TONS WOULD BE AVAILABLE FOR LIMITED OFFICIAL USE

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USSR. HOWEVER, IF AVERAGE CONDITIONS PREVAIL, CROP COULD

BE AROUND 7 MILLION TONS WHICH WOULD BE SUFFICIENTLY LARGE
TO PERMIT SALE OF ONE MILLION TONS TO USSR.

3. OFFICIAL IN MAJOR INTERNATIONAL TRADING FIRM INFORMED
AGATT THAT OVER PAST TWO WEEKS, ONE INTERNATIONAL FIRM
PURCHASED 85,000 TONS OF ARGENTINE WHEAT AND A SECOND
80,000 TONS, ALL FOR SEPT-OCT DELIVERY TO USSR AND REPRESENT
EXERCISE OF OPTIONAL ORIGINS OF MUCH PUBLICIZED SALE
OF "US GRAINS TO USSR." IN ADDITION THERE ARE FURTHER
SALES OF 80,000 TONS FOR AUGUST-NOVEMBER AND 150,000 TONS
FOR JULY-DECEMBER (ABOUT 30,000 TONS OF WHICH WERE DIVER-
TED TO ITALY) OF ARGENTINE WHEAT TO USSR BY PRIVATE TRADERS
IN ADDITION TO STILL EARLIER SALES BY GRAIN BOARD OF 250,000
TONS AND PRIVATE TRADE OF 230,000 TONS. THUS,
TOTAL 1974-75 ARGENTINE WHEAT SALES TO USSR ARE AROUND
875,000 TONS.

4. NO MENTION MADE OF ANY POSSIBLE CORN SALES TO USSR AT
THIS TIME. EXPORTERS ESTIMATED THAT GRAIN BOARD STILL HAD
500,000 TONS OF CORN REMAINING IN ITS INVENTORY FOR EXPORT
SALE, BUT BOARD PRIVATELY CLAIMS TO BE 200,000 TONS SHORT
OF REMAINING COMMITMENT EVEN AFTER SWITCHING 300,000 TONS
OF CORN SALES TO MEXICO OVER TO SORGHUM. TRADE FEELS THAT
THERE ARE STILL SOME UNCOMMITTED SORGHUM SUPPLIES.
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